

TOTAL QUALITY MANAGEMENT (TQM) AND SUSTAINABLE COMPANY PERFORMANCES: EXAMINING THE RELATIONSHIP IN MALAYSIAN FIRMS

Fazli Idris*

Universiti Kebangsaan Malaysia

ABSTRACT

This paper investigates the relationship between Total Quality management (TQM) elements and sustainable company performances. TQM models prescribe several important factors: starting with effective leadership that executes brilliant strategies, emphasizing best practices in quality improvements while recognizing the stakeholders' needs. This research employs TQM as the research framework while also taking into consideration the resource-based views (RBV) on the arguments concerning internal capabilities.. An instrument is developed to measure the related TQM constructs and is found to be reliable. Using exploratory factor analysis, it is found that the items clearly fall into six factors: leadership, best practices, customer focus, employee focus, community focus and productivity focus. Another factor analysis on measures of company sustainable performance has resulted in a single factor. The study proceeds with the multiple regression analysis to test the relationship between the dependent, sustainable company performances and the independent factors, the dimensions of TQM. The percentage of variance explained by the three factors is 77 percent with leadership values obtaining 55 percent. In terms of the relationship with performances, all are significantly influenced by customer focus which assumes the highest coefficient of 0.46. It is therefore argued that the leadership within the TQM constructs is the most influencing factor; while to impact on company performance, best practices and stakeholder focus must be implemented. Theoretical and practical implications are discussed.

Keywords: TQM, Stakeholder focus, Malaysia, Company performance

*Corresponding Author: UKM - Graduate School of Business, 43600 UKM, Selangor DE, email: fazbid@yahoo.com, Tel: 03-89213943, Fax: 03-89213161